

# CITY OF IMPERIAL BEACH

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## News

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### **CITY OF IMPERIAL BEACH RESPONDS TO GRAND JURY REPORT**

Since the State Legislature passed AB X1 26 (“AB 26”) in June 2011, Imperial Beach has been diligently taking each step necessary to wind down the affairs of the former Imperial Beach Redevelopment Agency. Over the past year, Imperial Beach has successfully completed three review audits required and approved by the State, every six months obtained approval from the State for payment of the former Redevelopment Agency’s contractual and other financial obligations, resolved all outstanding issues with the Department of Finance through its meet-and-confer process, and submitted its Long Range Property Management Plan to address the former Redevelopment Agency’s two properties—the 9<sup>th</sup> and Palm property and the Seacoast Inn property. As a result of these efforts, the City is one of the first in the County of San Diego to have been granted a Finding of Completion by the State, which will allow Imperial Beach greater flexibility in completing the outstanding redevelopment projects and ultimately completing the wind down process of the former Redevelopment Agency.

Imperial Beach’s administrative finances related to its redevelopment activities have been the subject of a recent investigation by the Civil Grand Jury, which was initiated by a citizen’s complaint. The Civil Grand Jury has released its report today. The Grand Jury recognized that other agencies, including the State Department of Finance, have already audited virtually the same issues and found the finances of the former Redevelopment Agency to be in order. Imperial Beach is not alone in this regard as these audits were conducted or will be conducted on all other former redevelopment agencies pursuant to State law.

The general conclusion from the Grand Jury is that Imperial Beach should have better recorded and allocated some of its labor and legal expenses related to redevelopment. There was no finding of fraud, unauthorized attorney fees, or any other wrongdoing. In fact, the Grand Jury recognized Imperial Beach’s recent need for additional legal services as the law and procedures regarding the wind down of redevelopment agencies have evolved and changed over the past two years.

Imperial Beach takes the Civil Grand Jury report seriously and will be providing a response to each finding and recommendation in the report. However, the City’s finances are not

under stress due to the wind down of redevelopment as the Grand Jury has implied in its report. All cities and counties with former redevelopment agencies in the State have had to grapple with the recent changes imposed by the State Legislature. Imperial Beach has been extremely successful in navigating these changes as evidenced by the fact that Imperial Beach has received a Finding of Completion, has received all available former tax increment to pay its enforceable obligations, and has been able to retain the benefits of the former Redevelopment Agency's projects, including the Seacoast Inn, the 9<sup>th</sup> and Palm property, and the capital improvement projects accomplished over the years. More importantly, unlike many other cities, the City of Imperial Beach has not had to deplete its reserves to pay any obligations of its former Redevelopment Agency. The City's success has been due in no small part to its checks and balances, including its accounting standards.

The City maintains information related to the wind down of the former Redevelopment Agency on its website at [www.imperialbeachca.gov](http://www.imperialbeachca.gov).

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